<u>REMARKS</u>

Claims 1-35 are pending in the application.

Claims 1-35 stand rejected.

The claims have been amended to remove reference designations and to correct minor informalities. Claims 1, 18 and 35 have been clarified. Claim 32 has been amended to depend from claim 31. No new matter is believed to be added by the present amendment.

<u>Claim Rejections</u>

The Office Action rejects claims 18 and 32 under 35 U.S.C. §112, second paragraph, as being indefinite.

With regard to claim 18, the term "immediately" has been removed and the claim clarified. The clarified claim recites "the last run-level pairs prior to an end of block indication." The amendment is supported by the specification, for example, page 17, lines 15-19. The amendment does not narrow the claim but simply clarifies what was meant by "immediately" prior.

With regard to claim 32, the claim has been amended to depend from claim 31, which recites a computer program and provides antecedence for claim 32.

In view of these clarifications it is respectfully requested the rejection of claims 18 and 32 under 35 U.S.C. §112, second paragraph, be withdrawn.

According to the Office Action, claim 35 is rejected under 35 USC 101 as directed to non-statutory subject matter.

To advance prosecution and without conceding any arguments, claim 35 has been clarified. As amended the claimed bitstream is embodied on a tangible medium and recites patentable subject matter, therefore, the rejection should be withdrawn.

The Office Action rejects claims 1-15 and 20-35 under 35 U.S.C. §103(a) as being unpatentable over Venkatesan et al. (US 7,095,873) (hereinafter "Venkatesan") in view of Kocher et al. (US 2004/0133794) (hereinafter "Kocher").

According to MPEP 2142 to establish a *prima facie* case of obviousness the prior art reference (or references when combined) *must teach or suggest all the claim limitations*... If the examiner does not produce a *prima facie* case, the applicant is under no obligation to submit evidence of nonobviousness.

Claim 1 recites a receiver that includes "extracting non-essential information from the input bitstream to generate a reduced bitstream; re-encoding the non-essential information <u>to generate re-encoded data in accordance with a different encoding rule than used for encoding the non-essential information in the bitstream</u>" (emphasis added).

The Office Action rejects claim 1 by pointing to Venkatesan as allegedly teaching the claimed feature by sections in the reference describing "lossy compression," "quantization," "normalize the amplitude" and "obtaining T by deleting the columns of T_1." However, nothing in these cited words or found in Venkatesan as a whole suggests the claimed features of extracting non-essential information and re-encoding the non-essential information to generate re-encoded data as claimed by applicants.

Venkatesan describes a watermarking architecture that uniquely identifies the content as original by embedding a signature in the signal. The embedding system is described in Venkatesan, col. 8, line 2 to col. 10, line 25. Venkatesan determines the watermark based on the original signal. However, determining the watermark and adding the watermark to the signal does not suggest extracting non-essential information and re-encoding the non-essential information to generate re-encoded data <u>in accordance with a different encoding rule than used for encoding the non-essential information in the bitstream</u>. The watermark in Venkatesan was not part of the input signal.

Additionally, the Office Action admits that Venkatesan fails to teach "including the re-encoded data in a user data element associated with the reduced bitstream." Kocher is alleged to show the feature at page 13, paragraph 145 and page 18 paragraph 183. However, a review of the entire Kocher reference finds no suggestion of including re-encoded data as claimed by the applicant. Kocher simply discusses watermarking with user unique identifiers and allowing the unlocking of additional material if a fee is paid.

Furthermore, if the Office Action is equating the deleting of T_1 in Venkatesan with removing non-essential information as claimed by applicant, it is unclear how Kocher even relates to Venkatesan and applicants' claimed invention or there is any motivation to combine the references. In paragraphs 36 and 37 of the Office Action, conclusory statements are offered as providing motivation to combine the references. However,

the USPTO's Examination Guidelines for Determining Obviousness in light of the
Supreme Court's KSR v Teleflex decision make clear:

> "The key to supporting any rejection under 35 U.S.C. 103 is the clear articulation of
> the reason(s) why the claimed invention would have been obvious. The Supreme
> Court in *KSR* noted that the analysis supporting a rejection under 35 U.S.C. 103
> should be made explicit. The Court quoting *In re Kahn* [41] stated that " '[R]ejections
> on obviousness cannot be sustained by mere conclusory statements; instead,
> there must be some articulated reasoning with some rational underpinning to
> support the legal conclusion of obviousness."

In the present rejection there is no articulation of the reasons why the claimed
invention would have been obvious. Furthermore, the motivation for combining the
references has no relationship to the claimed invention or the state of the art, which
would lead one skilled in the art to make such a combination. Proper rational, as set
forth in the USPTO Guidelines, has not been provided.

Furthermore, as pointed out above, it is respectfully submitted the combination of
references fails to teach each and every claimed feature as set forth above. Applicants
respectfully submit that the rejections under 35 U.S.C. 103(a) are unfounded, per MPEP
2142 and the USPTO Guidelines and the rejection of claim 1 should be withdrawn.

Claims 2-15 and 20-23 depend from claim 1, which has been shown to be
allowable over the prior art references. Accordingly, claims 2-15 and 20-23 are also
allowable by virtue of their dependency, as well as the additional subject matter recited
therein. Applicants submit that for at least the above reasons the rejection of these
dependent claims has been overcome and respectfully requests withdrawal of the
rejection and allowance of the claims.

Independent claim 24 recites a method for decoding an input bitstream for an
input signal, comprising: re-encoding the encoded data to generate enhancement data
compatible with an encoding of the input signal in the reduced bitstream; and generating
an output bitstream by combining the reduced bitstream and the enhancement data.

The Office Action rejects these features of claim 24 by essentially citing the same
portions of Venkatesan as cited in the discussion of claim 1. Thus, applicants
essentially repeat the above arguments providing reasons why claim 24 is not obvious
in view of the combination of references. It is respectfully requested the rejection of
independent claim 24 be withdrawn.

Claims 25-32 depend from claim 24, which has been shown to be allowable over the prior art references. Accordingly, claims 25-32 are also allowable by virtue of their dependency, as well as the additional subject matter recited therein. Thus, for at least the above reasons the rejection of these dependent claims has been overcome and of the rejection should be withdrawn.

Independent claim 33 recites apparatus for encoding an input bitstream and independent claim 34 recites an apparatus for decoding an input bitstream. Claim 35 recites abitstream embodied on a computer readable medium. The Office Action rejects claims 33, 34 and 35 by essentially citing similar portions of Venkatesan and Kocher as cited in the discussion of claims 1 and 24 respectively. Thus, applicants essentially repeat the above arguments providing reasons why claims 33, 34 and 35 are not obvious in view of the combination of references. It is respectfully requested the rejection of independent claims 33, 34 and 35 be withdrawn.

The Office action also rejects claims 16-19 under 35 U.S.C. 103(a) over Venkatesan, Kocher as applied to claim 1 and Cinvanlar et al. (USP 5,253,055).

In each of these rejections, the Office Action addresses only the additional limitations introduced in the dependent claims, and apparently relies upon the combination of Venkatesan and Kocher for teaching the elements of claim 1 upon which each of these rejected claims depends.

As noted above, the combination of Venkatesan and Kocher fail to teach each and every feature recited in claim 1 and since the additional cited reference fails to cure this deficiency of the combination of Venkatesan and Kocher, applicants respectfully submit that the rejections under 35 U.S.C. 103(a) that rely upon the combination of Venkatesan and Kocher for this teaching these claims are unfounded, per MPEP 2142.

Conclusion

In light of the foregoing, withdrawal of the rejections of record and allowance of this application are solicited. Should the Examiner have any further comments or suggestions, it is respectfully requested that the Examiner telephone the undersigned attorney in order to expeditiously resolve any outstanding issues. In the event that the fees submitted prove to be insufficient in connection with the filing of this paper, please charge our Deposit Account Number 50-0578 and please credit any excess fees to such Deposit Account.

Respectfully submitted,

Date: October 16, 2007

Brian S. Myers
Registration No.: 46,947
For Larry Liberchuk,
Registration No. 40,352

Mail all correspondence to:
Larry Liberchuk, Registration No. 40,352
US PHILIPS CORPORATION
P.O. Box 3001
Briarcliff Manor, NY 10510-8001
Phone: (914)333-9602
Fax: (914)332-0615

Atty. Docket No. NL031360